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COMPENSATORY FINANCING MECHANISMS

Review of developments in the field of compensatory financing of export earnings shortfalls

Report by the UNCTAD secretariat

Addendum

GE.93-54602

LATEST DEVELOPMENTS AND UPDATED INFORMATION

The IMF Compensatory and Contingency Financing Facility:

1. Table 1 (revised) updates data, including the drawings in 1993 and the repayments for 1992 and 1993. During the first nine months of 1993, three drawings under the compensatory element of the CCFF were allocated: namely to Republic of Moldova for an excess cost of cereal import due to an exceptional severe drought in the country, and to the Dominican Republic and Ghana for shortfalls in export value of cocoa and other merchandise due to a weakening of world market prices.

2. Table 2 in document TD/B/CN.1/11 referred to the commitments made under the SAF and ESAF facilities. Table 2 (revised) refers to the actual disbursements made under the same facilities. Since 1989 no least developed country made a single drawing under any element of the CCFF. But for the same period (1989 - 1993) the amount effectively disbursed under the SAF and ESAF arrangements for least developed countries represented 45 per cent of the total SAF+ESAF disbursements to eligible developing countries.

3. In the first six months of operation of the newly created Systemic Transformation Facility (STF),[1] drawings for six countries were approved for a total amount of 1.3 billion SDR. (Belarus (70.1 million SDR), Kazakhstan (61.9 million SDR), Kyrgyz Republic (32.3 million SDR), Republic of Moldova (22.5 million SDR), Russian Federation (1078.3 million SDR) and Slovak Republic (64.4 million SDR)). For each country, a second and equal disbursement will be available under this facility, provided that progress continues to be made in the implementation of the policy programme.

STABEX:

4. The official report of the mid-term review of STABEX under Lomé IV, which was held in June 1993, is not yet officially released. The STABEX transfers for the shortfalls experienced in 1992 have not yet been attributed.

The Swiss compensatory financing programme:

5. In November 1993, Uganda received under the Swiss STABEX programme SwF 0.75 million for the export earnings shortfalls resulting from cotton and coffee exports to Switzerland in the years 1990/91.

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[1] Replace, in paragraph 18 of TD/B.CN.1.11, "Systematic Transformation Facility" by "Systemic Transformation Facility".

Table 1 (revised)

Drawings and repayments under the Compensatory Financing Facility (CFF) and the Compensatory and Contingency Financing Facility (CCFF) (1982-1993)

Country	IMF drawings in billion SDRs (number of drawings)												
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993*	**Total**
Developing countries	1.6 (21)	2.6 (22)	0.8 (11)	0.8 (7)	0.6 (8)	1.2 (6)	0.7 (10)	0.8 (4)	0.1 (2)	1.9 (9)	0.1 (3)	0.05 (2)	11.25 (105)
Eastern Europe and Israel	0.07	-	-	-	-	-	-	-	-	1.1 (7)	0.4 (4)	0.01 (1)	1.5 (12)
Total	1.7	2.6	0.8	0.8	0.6	1.2	0.7	0.8	0.1	3.0	0.5	0.06	12.9
Memo Item: LDCs	0.1 **(2)**	0.1 **(6)**	0.01 **(1)**	0.04 **(2)**	0.04 **(2)**	0.1 **(2)**	0.02 **(1)**	-	-	-	-	-	0.41 (16)
	IMF repayments in billion SDRs (number of repayments) (a)												
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993*	Total
All developing countries	0.4 (32)	0.7 (40)	0.9 (42)	1.3 (52)	1.8 (56)	1.7 (34)	1.0 (32)	0.7 (24)	0.7 (26)	1.0 (20)	1.3 (24)	0.7 (18)	12.2 (400)

(a) Repayments are made in quarterly installments in the third to fifth year after the drawing. Therefore the number of repayments far exceeds the number of drawings.
Source: Based on information provided by the IMF

* Date available up to 31 October 1993

Table 2 (revised)

Combined SAF and ESAF disbursements, 1988-1993

Drawing in billion SDRs (number of drawings)							
Country	1988	1989	1990	1991	1992	1993 (a)	Total
Developing countries	0.4 (20)	0.9 (24)	0.5 (20)	0.8 (23)	0.5 (18)	0.2 (16)	3.5 (121)
LDCs	0.2 (14)	0.3 (18)	0.2 (14)	0.4 (16)	0.3 (13)	0.1 (11)	1.6 (86)

(a) as of end September 1993

Source: based on information provided by the IMF
Note: several countries have received more than one disbursement between 1988 and 1993.